



寶業集團股份有限公司 BAOYE GROUP COMPANY LIMITED



# *Results Review and Prospects*

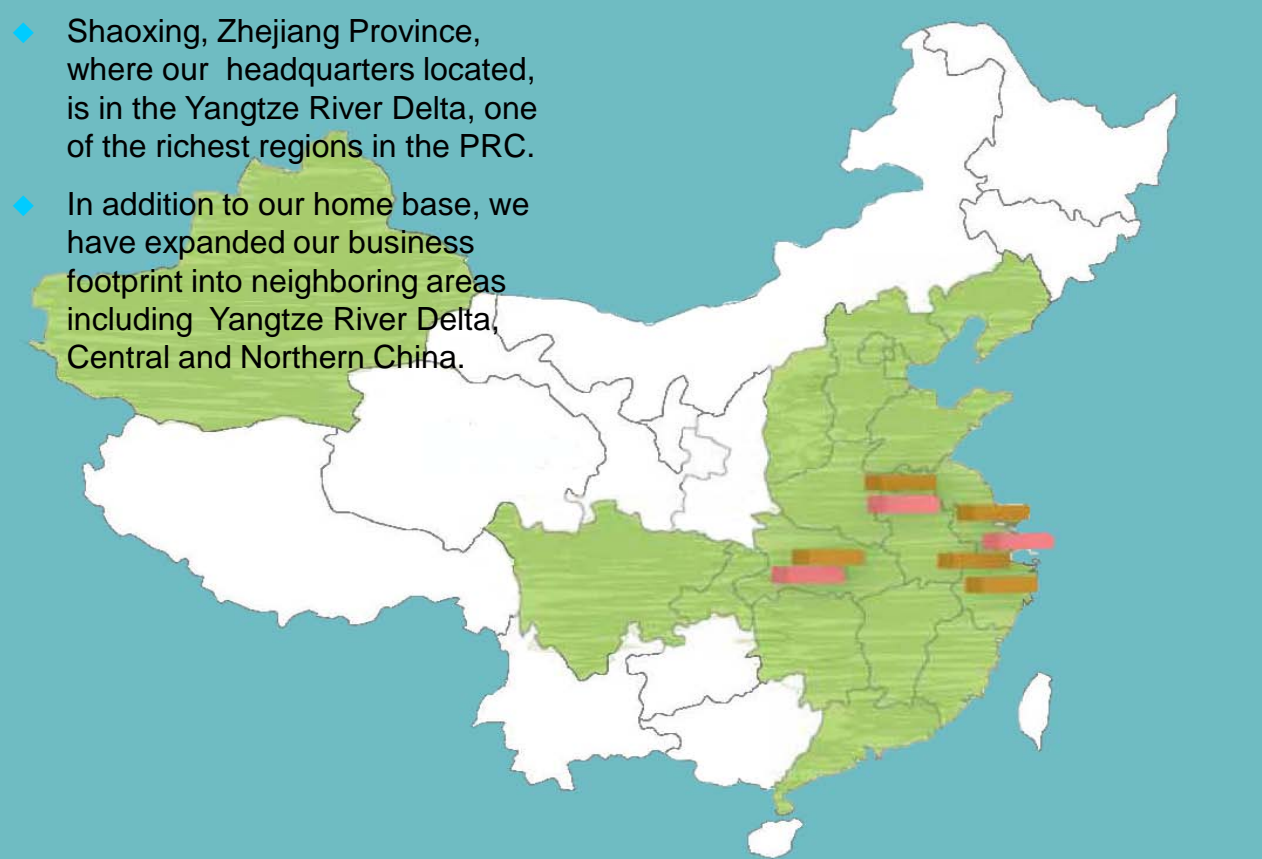
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## Corporate Profile-Business Network



- ◆ Shaoxing, Zhejiang Province, where our headquarters located, is in the Yangtze River Delta, one of the richest regions in the PRC.
- ◆ In addition to our home base, we have expanded our business footprint into neighboring areas including Yangtze River Delta, Central and Northern China.





## Corporate Profile-Business Network

*Baoye Group Company Limited*

### *Construction Business*

- Zhejiang
- Shanghai
- Jiangsu
- Anhui
- Hubei
- Hunan
- Beijing
- Tianjing
- Shanxi
- Guangdong
- Hebei
- Henan
- Shandong
- Liaoning
- Sichuan
- Chongqing
- Xinjiang
- Jiangxi
- Fujian
- Africa

### *Property Development Business*

- Shaoxing
- Hefei
- Shanghai
- Wuhan
- Hangzhou
- Kaifeng

### *Building Materials Business*

- Shaoxing Building Materials Industrial Park
- Hefei Building Materials Industrial Park
- Wuhan Building Materials Industrial Park



## Corporate Profile-Business Structure

### *Baoye Group Company Limited*

#### *Construction Business*

- Government and Public Buildings
- Urban Facilities and Infrastructure
- Commercial Buildings
- Residential Buildings
- Industrial Buildings
- Electrical and Electronic Buildings
- Fireproof Facilities
- Curtain Wall Installation
- Gardening and Landscaping

#### *Property Development Business*

- |   |                                     |
|---|-------------------------------------|
| -Shaoxing<br>"Baoye Four Seasons Garden " | -Hefei<br>"Baoye Dongcheng Square " |
| -Shaoxing<br>"Daban Fengqing"             | -Wuhan<br>"Baoye Xudong Yayuan"     |
| -Shaoxing<br>"Yuyuan"                     | -Wuhan<br>"Baoye Guanggu Lidu"      |
| -Shaoxing<br>"Yangxun Commercial Center"  | -Hangzhou<br>"Jiangwan Luyuan"      |
| -Shaoxing<br>"Jiangwan Green Garden"      | -Shanghai<br>"Huinan Project"       |
| -Hefei<br>"Baoye City Green Garden"       | -Kaifeng<br>"Kaifeng Project"       |
| -Hefei<br>"Baoye Tongcheng Green Garden " |                                     |

#### *Building Materials Business*

- Curtain Wall
- Ready-mixed Concrete
- Furnishings and Interior Decorations
- Steel Structure
- Wooden Products and Fireproof Materials
- Concrete Pipes
- Others



## Corporate Profile-Business Structure

### *Baoye Group Company Limited*

#### *Construction Business*

- ◆ No limit on tendering bids because of premier license
- ◆ Strong revenue growth supported by large order volume on hand

#### *Property Development Business*

- ◆ Enjoys a higher than industry average profit margin due to synergistic effect resulting from excellent construction and quality building materials
- ◆ Quality land bank accumulated at low cost over the past years, sufficient for future development in the coming 3-5 years

#### *Building Materials Business*

- ◆ The pioneer of prefabricated building materials manufacturing in the PRC, aiming to become the industry standard setter
- ◆ The Group has established three Building Materials Industrial Parks in Shaoxing, Hefei and Wuhan, and its businesses have been extended to cover the areas of Yangtze River Delta and Central China.



## Corporate Profile

- ◆ With 37 years of industry experience, the Group has successfully developed into a conglomerate enterprise comprising of construction, property development and prefabricated building materials, and growing up from a regional company to a nationwide one.
- ◆ An H-share company listed on the main board of HKEx since June 2003. The first vertically integrated construction enterprise of mainland listed in Hong Kong.
- ◆ Proven business track record with impressive earnings growth.
- ◆ Privately-owned enterprise managed by professionals with an aim to enhance shareholders' value through sound corporate governance.
- ◆ Highly focused and specialized in our core businesses segments.

青岛市李沧区上王埠、东王埠、桃园社区改造项目（东王埠安置房）



青岛市公用建筑设计研究院有限公司 2010.12



## Shareholders Structure



## Corporate Profile

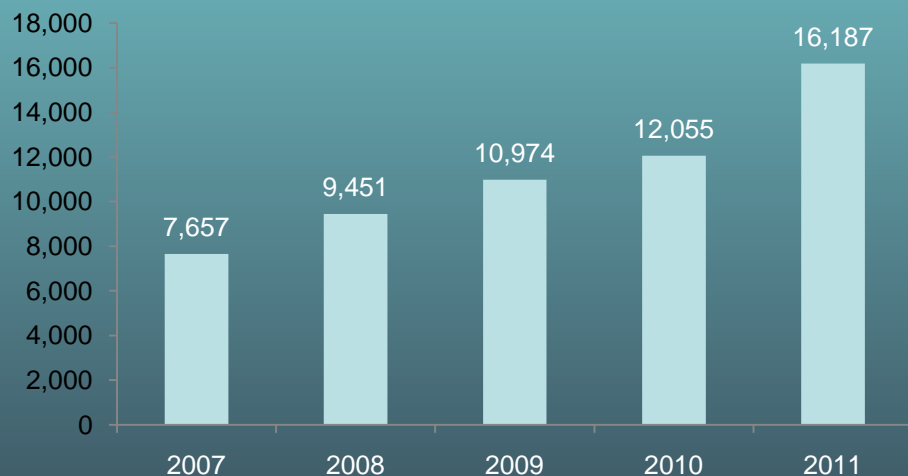


<i>As at 31 Dec. 2011</i>	<i>No. of shares</i>	<i>% of total</i>
<b>Domestic Shares</b>		
Chairman, Mr. Pang Baogen	198,753,054	29.98%
Senior Management (30 persons)	151,988,999	22.93%
	<b>350,742,053</b>	<b>52.91%</b>
<b>H Shares</b>		
Atlantis	63,000,000	9.50%
JPMorgan Chase & Co.	28,062,000	4.23%
Norges Bank	28,030,000	4.23%
HSBC Global Asset (Hong Kong) Limited	28,000,000	4.22%
Henderson Global Assets Investors Limited	18,294,000	2.76%
Chairman, Mr. Pang Baogen	5,608,000	0.85%
Others	141,227,952	21.30%
	<b>312,221,952</b>	<b>47.09%</b>
<b>Total</b>	<b>662,964,005</b>	<b>100%</b>

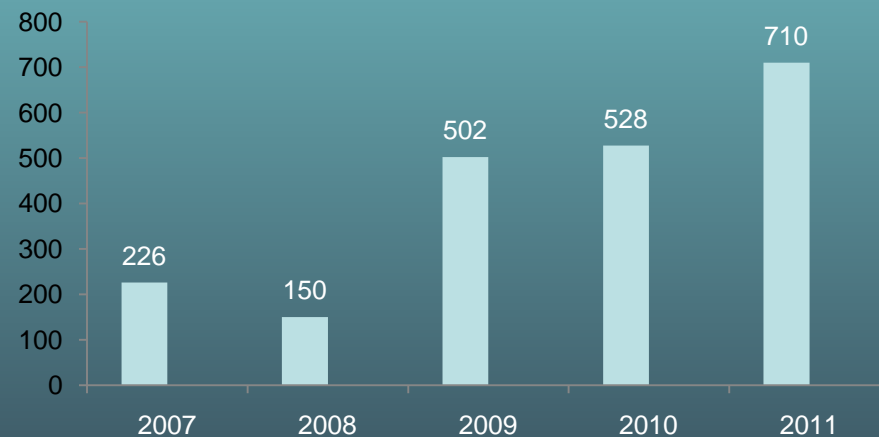


## Results Review

Revenue (RMB million)



Profit Attributable to the Owners of the Company (RMB million)

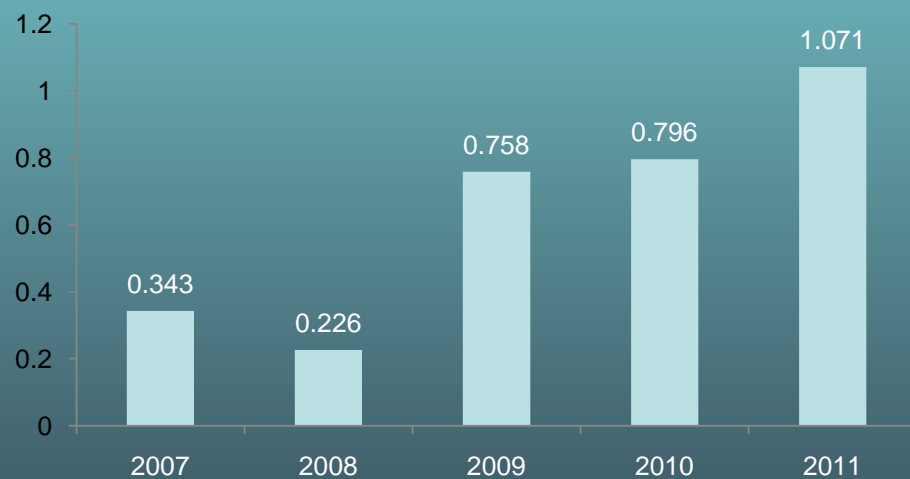




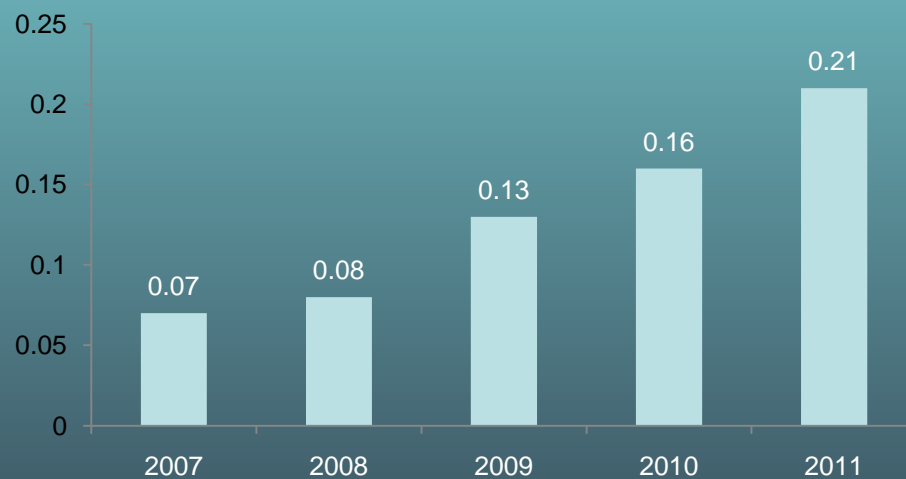


## Results Review

Earnings per Share (RMB)



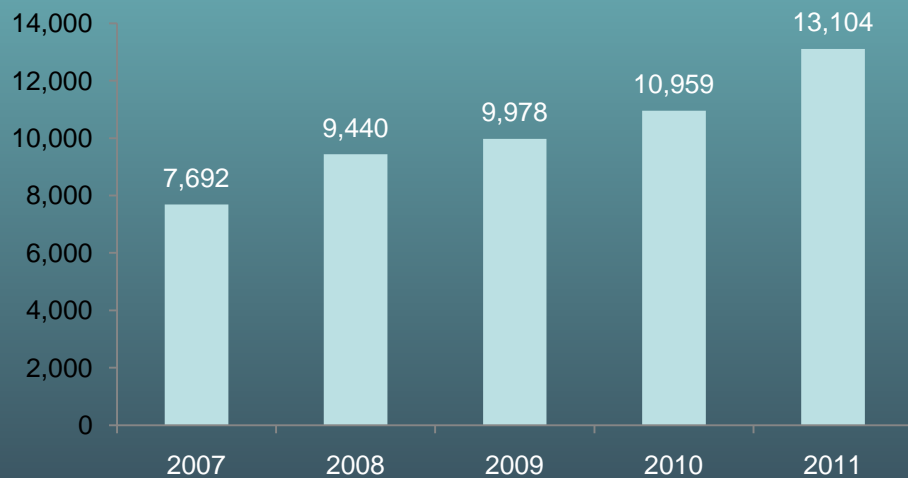
Dividend (RMB)





## Results Review

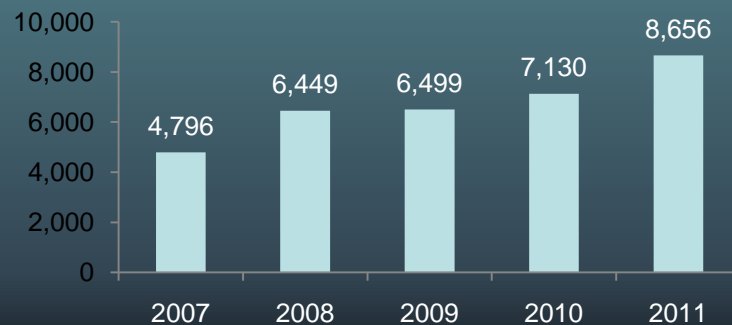
### Total Assets (RMB million)



### Total Equity (RMB million)



### Total Liabilities (RMB million)



## Segment Information - Turnover



### Results Review

For the year ended 31 Dec.  
RMB million

	2011	2010	Change
Construction	<b>12,002</b>	9,535	+26%
Property Development	<b>2,504</b>	913	+ 174%
Building Materials	<b>1,517</b>	1,489	+2%
Others	<b>164</b>	119	+38%
<b>Total</b>	<b>16,187</b>	12,055	+34%



## Segment Information - Operating Profit



### Results Review

For the year ended 31 Dec.  
RMB million

	2011	2010	Change
Construction	393	357	+10%
Property Development	604	364	+66%
Building Materials	79	77	+3%
Others	1	13	-91%
<b>Total</b>	<b>1,077</b>	812	+33%

## Segment Information - Operating Profit Margin



### Results Review

For the year ended 31 Dec.

	2011	2010	Change
Construction	3.3%	3.7%	-11%
Property Development	24.1%	39.9%	-40%
Building Materials	5.2%	5.2%	+0%





## Key Financial Ratio



### Results Review

As at 31 Dec.

	2011	2010
Return on equity	16.2%	14.0%
Net assets value per share (RMB)	6.59	5.69
Net cash ratio	18%	39%
Current ratio	1.28	1.32



## Revenue and Profit Breakdown

### Results Review

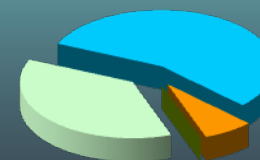
For the year ended 31 Dec.

	Revenue	Profit
Construction	74%	36%
Property Development	16%	56%
Building Materials	9%	7%
Others	1%	0%

Revenue



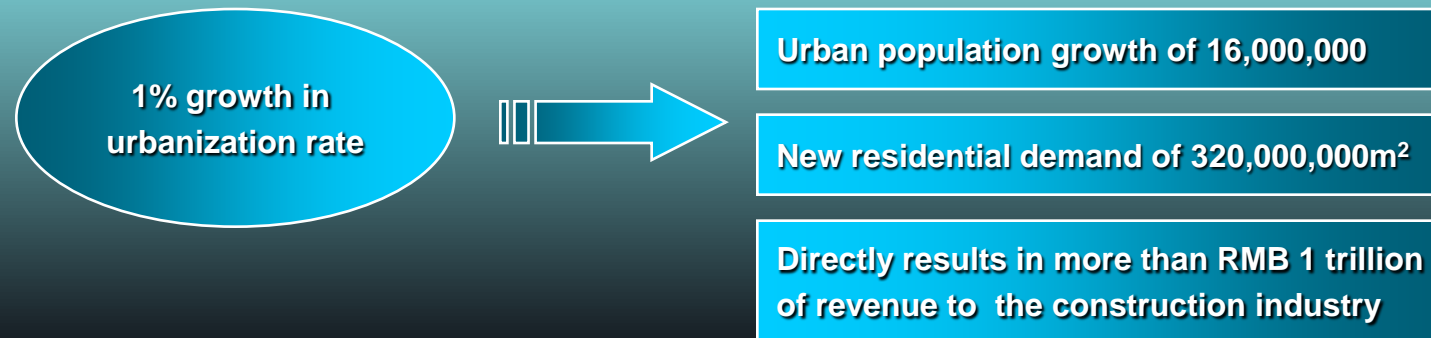
Profit



■ Construction ■ Property Development ■ Building Materials ■ Others

## Business Prospect - Urbanization in China

- ◆ The acceleration of the process of urbanization not only directly provides significant impetus for the middle and low end segments of the construction industry, such as construction work and property development, but also contributes to a more significant and faster growth of high end segments like water conservancy, transportation, electricity and municipal etc.
- ◆ The acceleration of the process of urbanization brought enormous development opportunities for each of the three major businesses of Baoye.





## Business Prospect - Urbanization in China

Driving force for construction growth in China - urbanization





## *Business Prospects*

- ◆ Construction business is the platform for the Group's business development, which brings in steady and stable cash inflow.
- ◆ Property Development business will contribute significant growth in terms of profitability to the Group.
- ◆ Building Materials business is an important strategy to sustain continuous growth for the Group.





## Construction-in-progress (by project nature)

*Business  
Prospects*

As at 31 Dec.  
RMB million

	2011 % of total		2010 % of total		Change
Government & Public Buildings	<b>13,478</b>	<b>33%</b>	12,037	35%	+12%
Urban Infrastructure	<b>11,755</b>	<b>29%</b>	9,629	28%	+22%
Residential Projects	<b>8,918</b>	<b>22%</b>	7,566	22%	+18%
Industrial Projects	<b>6,384</b>	<b>16%</b>	5,159	15%	+24%
<b>Total</b>	<b>40,534</b>	<b>100%</b>	<b>34,391</b>	<b>100%</b>	<b>+18%</b>

## Construction-in-progress (by region)

As at 31 Dec.  
RMB million

	2011 RMB million	2011 % of total	2010 RMB million	2010 % of total	Change
Zhejiang Province	12,971	32%	11,693	34%	+11%
Shanghai	10,134	25%	8,942	26%	+13%
Other Eastern China Region	3,851	10%	3,095	9%	+ 24%
Central China Region	7,471	18%	5,846	17%	+28%
Northern China Region	3,648	9%	3,095	9%	+18%
Other Regions	1,277	3%	757	2%	+69%
Overseas*	1,184	3%	963	3%	+23%
<b>Total</b>	<b>40,534</b>	<b>100%</b>	<b>34,391</b>	<b>100%</b>	<b>+18%</b>

\*Overseas construction business was principally carried out in three African countries namely Djibouti, Botswana and Seychelles.



*Business  
Prospects*





## Property Development



### Business Prospects



### Property under Development

<i>Property Name</i>	<i>Location</i>	<i>Equity Interest held by Baoye</i>	<i>GFA (sqm)</i>	<i>Total Cost (Rmb/sqm)</i>
Baoye Four Seasons Garden	Shaoxing	100%	510,000	14,000
Daban Fengqing	Shaoxing	100%	150,000	7,000
Yuyuan	Shaoxing	49%	75,000	24,000
Yangxun Commercial Center	Shaoxing	100%	36,000	4,300
Jiangwan Green Garden	Shaoxing	100%	59,000	6,000
City Green Garden Phase IV	Hefei	100%	100,000	4,500
Baoye Dongcheng Square	Hefei	100%	228,500	5,800
Jiangwan Luyuan	Hangzhou	100%	70,000	4,500
Baoye Guanggu Lidu	Wuhan	100%	300,000	6,000



## Property Development - Baoye Four Seasons Garden



### *Business Prospects*

- ◆ Baoye Four Seasons Garden has a site area of approximately 1,050,000 square metres with 0.5 time plot ratio and a planned gross floor area of approximately 525,000 square metres for the development of deluxe villas, semi-detached villas, town houses and garden houses.
- ◆ It consists of a golf club and a five-star resort hotel, a country park and a central lakeside garden with full-fledged facilities.
- ◆ Revenue generated from the Lotus Garden of Phase I has been recognized in 2011, the Liu Garden of Phase I has been sold out and revenue generated from it will be recognised in 2012; and the He Garden of Phase II is under pre-sales with encouraging results.





## Property Development - Daban Fengqing



### *Business Prospects*

- ◆ Daban Fengqing is located in Keqiao, Shaoxing County, having a total site area of approximately 100,000 square metres and an estimated gross floor area of 280,000 square metres.
- ◆ The project is positioned as a premier residential property in Keqiao, Shaoxing County and has been developed in two phases. Daban Fengqing Phase I had been delivered to owners in 2011, while Daban Fengqing Phase II, with an area of approximately 150,000 square metres, is under development, and approximately 70% of which has been sold and revenue generated from it will be recognised in 2012.





## Property Development - Baoye Dongcheng Square



### *Business Prospects*

- ◆ Baoye Dongcheng Square is located in Changjiang East Road, the business center in Hefei, with convenient transportation and full community services.
- ◆ The project has a site area of 63,500 square metres with a gross floor area of 228,500 square metres. It's a city complex development project comprising residential units, commercial units and offices. It is aimed to be developed as the landmark and commercial centre at Dongmen, east of Hefei. The pre-sale of the project has begun in December 2011 with satisfactory results.







## Property Development - Baoye Guanggu Lidu



### *Business Prospects*

- ◆ Baoye Guanggu Lidu is located in the East Lake New Technology Development Zone in Wuhan City. The total site area is approximately of 120,000 square metres and the estimated gross floor area is approximately of 300,000 square metres. The project comprises 18 high rise residential buildings and shops. In June 2011, the Group acquired the land use right by public auction. At present, the preparation work is under processing.





## Newly Acquired Land Reserves



### *Business Prospects*




- ◆ In 2011, with an increase in land supply and decrease in land price premium, the Group acquired three parcels of new land use rights in Wuhan, Shanghai, and Henan through public tender and auction to correspond with the development strategy and financial position of the Company. These three new parcels of land has an aggregate land area of approximately 703,700 square metres, with an estimated total gross floor area of approximately 1,209,000 square metres,



## Newly Acquired Land Reserves



*Business  
Prospects*



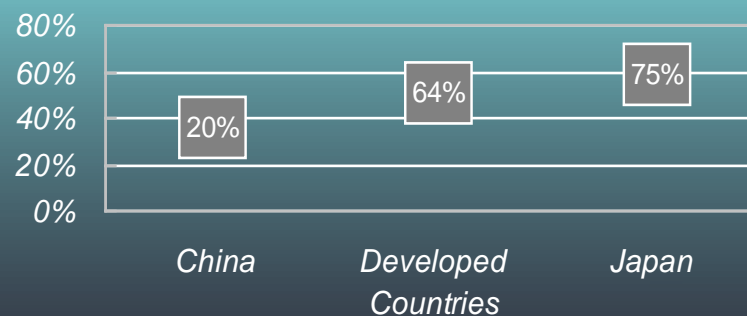
Date	Location	Project	Total Land Cost (RMB'000)	Land Area (Sqms)	Estimated GFA (Sqms)	Equality Interest of the Group
Jun. 2011	Wuhan	Baoye Guanggu Lidu	602,000	120,000	300,000	100%
Nov.2011	Shanghai	Huinan Project	722,000	106,950	194,000	100%
Dec.2011	Henan	Kaifeng Project	164,000	476,750	715,000	80%

## Prefabricated Building Materials



### Business Prospects

- ◆ Currently, the construction industrialization rate in China is just around 20%, which is far below the average of 70% in developed countries.
- ◆ With the implementation of the construction industrialization reform, the market capacity for new building materials in China will reach trillions of Renminbi in the coming years.





## Prefabricated Building Materials



### *Business Prospects*

- ◆ In 2011, Anhui Baoye Housing Industrialisation Company Limited, a subsidiary of the Company, had entered into acquisition agreements with the respective shareholders of Sievert Quick-mix Building Materials (Hefei) Company Limited and Sievert Concrete Precast Elements (Hefei) Company Limited, to acquire 29% of the equity interests in these companies.
- ◆ The collaboration with the above mentioned two companies will benefit the business of industrialised housing in central China, complement the light steel structure, broaden the product range of industrialised housing, and propel technological advancement and application of industrialised housing in light steel structure and PC concrete structure.





## *Business Prospects*

- ◆ The enormous demand for consumption and infrastructural construction generated by industrialisation and urbanisation of the Chinese economy will be the driving force for economic growth. It is expected that the economy in China will still maintain a growth momentum in 2012. In addition, the speedy development in government affordable housing and massive investment in infrastructural projects are expected to provide a good operating environment for the Group's business as a whole.
  - ◆ As one of the leading construction conglomerates in the industry, the Group will continue to adopt the "three in- one" business model in construction, property development and building materials and to build, among other things, core competencies and competitive advantages. The Group will use its niche position in construction business to drive the businesses of property development and building materials by improvement in product quality and technology advancement in industrialisation of construction, thereby enhancing the brand value and the Company's value from time to time.
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## Disclaimer

- ◆ This presentation includes forward-looking statements. All statements, other than statements of historical facts, that address activities, events or developments that Baoye expects or anticipates will or may occur in the future (including but not limited to projections, targets, estimates and business plans) are forward-looking statements.
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